

Fifty-fifth  
Legislative Assembly  
of North Dakota

## ENGROSSED SENATE BILL NO. 2013

Introduced by

Appropriations Committee

(At the request of the Governor)

1 A BILL for an Act to provide an appropriation for defraying the expenses of the commissioner of  
2 university and school lands; and to amend and reenact section 15-03-04 of the North Dakota  
3 Century Code, relating to investments by the board of university and school lands.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the  
6 funds as may be necessary, are hereby appropriated from special funds derived from the state  
7 lands maintenance fund and the lands and minerals trust fund in the state treasury, not  
8 otherwise appropriated, and from other income to the commissioner of university and school  
9 lands for the purpose of defraying the expenses of the commissioner of university and school  
10 lands, for the biennium beginning July 1, 1997, and ending June 30, 1999, as follows:

11 Assets management	\$2,469,198
12 Energy development impact office	<u>5,000,000</u>
13 Total special funds	\$7,469,198

14 **SECTION 2. OIL AND GAS IMPACT GRANT FUND.** The amount of \$5,000,000, or  
15 so much of the amount as may be necessary, included in the total special funds appropriated in  
16 section 1 of this Act may be spent from the oil and gas impact grant fund by the commissioner  
17 of university and school lands for the purpose of providing oil and gas development impact  
18 grants and the administration of the oil and gas development impact grant program for the  
19 biennium beginning July 1, 1997, and ending June 30, 1999.

20 **SECTION 3. GRANTS.** Section 54-44.1-11 does not apply to appropriations made for  
21 oil impact grants in section 1 of this Act nor to the appropriation for coal impact grants in  
22 chapter 733 of the 1989 Session Laws.

23 **SECTION 4. LINE ITEM TRANSFERS.** Upon approval of the emergency commission,  
24 the commissioner of university and school lands may transfer between various line items in

1 section 1 of this Act appropriation authority of up to ten percent of a given line item to adjust for  
2 changing circumstances in meeting established performance measures. Any further transfers  
3 must be approved by the budget section.

4 **SECTION 5. AMENDMENT.** Section 15-03-04 of the North Dakota Century Code is  
5 amended and reenacted as follows:

6 **15-03-04. Legal investments.** Subject to the provisions of section 15-03-05, the board  
7 of university and school lands shall apply the prudent investor rule in investing the permanent  
8 funds under its control. The "prudent investor rule" means that in making investments the  
9 board shall exercise the same judgment and care, under the circumstances then prevailing and  
10 limitations of North Dakota and federal law, that an institutional investor of ordinary prudence,  
11 discretion, and intelligence exercises in the management of large investments entrusted to it,  
12 not in regard to speculation but in regard to the permanent disposition of funds, considering  
13 probable safety of capital as well as probable income. Notwithstanding any investments made  
14 before to July 1, 1997, the board may not use any funds entrusted to it to purchase, as sole  
15 owner, commercial or residential real property in North Dakota without prior approval of the  
16 legislative assembly.